



*Quarterly Accounts March 31, 2018
(Un-Audited)*



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COMPANY INFORMATION

CHAIRPERSON

Mrs. Shahnaz Umar

CHIEF EXECUTIVE

Mr. Muhammad Umar Virk

BOARD OF DIRECTORS

Mrs. Shahnaz Umar
Mr. Muhammad Umar Virk
Mrs. Sadiya Umair
Mr. Usman Khalid
Mr. Lutfullah Virk
Mr. Saeed Ahmed Khan
Mr. Shaukat Nazir Malik (Independent Director)

AUDIT COMMITTEE

Mr. Shaukat Nazir Malik	Chairman
Mr. Lutfullah Virk	Member
Mr. Usman Khalid	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Sadiya Umair	Chairperson
Mr. Muhammad Umar Virk	Member
Mr. Saeed Ahmed Khan	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Saeed Ahmad Khan

AUDITORS

M/S Rahman Sarfaraz Rahim Iqbal Rafiq.
(Chartered Accountants)
Member of Russell Bedford International.
House No 72-A, Faisal Town, Lahore

LEGAL ADVISER

Salman Akram Raja.
Raja Mohammad Akram & Co., Advocates &
Legal Consultants.
33-C Main Gulberg Lahore.

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
3 – C , 1st floor, LDA Flats, Lawrance Road Lahore
Ph: + 92 42 36283096 - 97, Fax: 92 42 36312550

REGISTERED OFFICE

44-E-1, Gulberg III, Lahore
Ph: + 92 342 571 4191 - 95 , Fax: + 92 342 571 0048
W: www.hiratex.com.pk

MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



Directors' Report

We hereby present the un-audited financial statements of Company for the nine months ended 31 March 2018. The Company's sales are Rs. 1,630.878 million as compared to Rs. 2,715.914 million during the corresponding period of last year, which shows a decrease of 39.95%. The current quarter sale decreased by Rs. 555.874 million as compared to last year's corresponding quarter. Gross Loss for the period is Rs. 124.410 million showing a decrease of 153.97% over the gross profit of Rs. 230,524 million in the corresponding period in 2017. Loss from operations is Rs. 337.527 million as compared to profit of Rs. 8.648 million in the corresponding period. Loss after tax is Rs. 392.767 million as compared to profit of Rs. 61.639 million in the corresponding period. M/s Hira Terry Mills Limited has contributed its share of loss Rs.35.56 million. Loss per share is Rs. 4.54 per share as compared to earning Rs.0.71 per share in corresponding period. The 3rd quarter of the current year showed a drastic decline in all segments of the company's activities. There are various factors contributing to the decline of the activities/profit

1. The company faced labor issues and has to lay off almost 900 workers, due to the reason the operations of the company were stopped for almost two and half months. Hence the company has changed the entire technical team at mill site and the management is confident that the mills operations will resume from second week of May 2018.
2. The company was in severe cashflow issues and has approached banks for restructuring of short term loans. We believe after the restructuring by the banks the liquidity problems will be sorted out.

Loss in Hira Terry occurred due to ever increasing cost of production and stiff competition in international market.

The Management is continuously working on various plans which included the marketing strategies to achieve the sales growth; and operational efficiency through improved capacity utilization, control on wastages in the processes. These strategies will ultimately improve results and more sustainability in the long term. The management is putting its best efforts to maximize company's profit for remaining period of the financial year and is positive of better results in the remaining three months to maximize the profitability of the company.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the growth of the Company.

On behalf of the Board

Mrs. Shahnaz Umer
(Chairperson)

Muhammad Umar Virk
(Chief Executive Officer)

Lahore
April 27, 2018



حرائیکسائسل ملز لمیٹڈ

ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 مارچ 2018 کو ختم ہونے والے سال کے نو ماہ کے لیے غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں کہ کمپنی کی زیر جائزہ مدت کے دوران فروخت شدہ مال کی مالیت 1630.878 ملین روپے ہے جبکہ پچھلے سال اسی مدت کے دوران فروخت شدہ مال کی مالیت 2715.914 ملین تھی۔ جو گزشتہ سال سے 39.95 فیصد کمی ظاہر کر رہی ہے۔ موجودہ سہ ماہی کے دوران فروخت شدہ مال کی مالیت میں پچھلے سال کی تیسری سہ ماہی کے مقابلے میں 555.874 ملین کی کمی واقع ہوئی ہے۔ زیر جائزہ مدت کے دوران مجموعی نقصان (GL) 124.410 ملین روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران مجموعی منافع 230.524 ملین روپے تھا۔ اس طرح اس مدت میں مجموعی منافع پچھلے سال کی اسی مدت کے مقابلے میں 134.94 فیصد کم رہا۔ کمپنی کا اپریشنل منافع 337.528 ملین روپے رہا جبکہ پچھلے سال اسی مدت کے دوران منافع 8.649 ملین روپے تھا۔ منافع میں یہ کمی مجموعی منافع میں کمی کی وجہ سے ہوئی۔ بعد از ٹیکس نقصان 392.767 ملین روپے رہا جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس منافع 61.639 ملین روپے تھا۔ موجودہ نقصان میں میسرز حرائی ملز لمیٹڈ کا نقصان 35.560 ملین بھی شامل ہے۔ رواں نو ماہی کے لئے فی شخص آمدنی (EPS) (4.54) روپے جبکہ گزشتہ سال کی اسی مدت میں فی شخص آمدنی (EPS) 0.71 روپے تھی۔

موجودہ سال کی تیسری سہ ماہی کے دوران کمپنی کے تمام شعبہ جات میں زبردست تیزی دیکھنے میں آئی ہے اس تیزی میں بہت سے عوامل شامل ہیں۔

- 1- کمپنی نے 900 مزدوروں کو بہت سے لیبر مسائل کی بناء پر ملازمت سے فارغ کر دیا ہے اس وجہ سے مل کے تمام اپریشن گزشتہ اڑھائی ماہ سے بند پڑے ہیں۔ مزید برآں کمپنی نے مل پر اپنی پوری تکنیکی ٹیم کو بول دیا ہے۔ اب انتظامیہ پُر امید ہے کہ مئی 2018 کے دوسرے نصف میں مل پوری طرح اپریشنل ہو جائے گی
- 2- کمپنی کو بیش فلوک شدہ یڈ مسائل کا سامنا ہے جس کے لئے کمپنی نے اپنے کم مدتی قرضوں کو دوبارہ مرتب کرنے کے لئے بینکوں سے رجوع کیا ہے۔ ہمیں امید ہے کہ بینکوں کی جانب سے قرضوں کی دوبارہ ترتیب سے عمل سے کمپنی کے لیکویڈیٹی کے تمام مسائل حل ہو جائیں گے۔

حرائی ملز میں نقصان کا باعث پیداواری اخراجات اور عالمی منڈی میں سخت مقابلہ میں مسلسل اضافہ ہے انتظامیہ منافع میں اضافہ کے لئے متعدد حکمت عملی پر عمل پیرا ہے جس میں فروخت کو بڑھانا، استعدادی صلاحیتوں میں اضافہ اور صنعتی عمل سے بننے والے فاضل مادوں میں کمی کرنا ہے۔ یہ حکمت عملی بالآخر طویل مدت میں بہتر نتائج اور زیادہ استحکام کا پیش خیمہ ثابت ہوگی۔

کمپنی کی انتظامیہ سال کی بقید مدت میں بہتر منافع کے حصول کے لئے اور پیداواری لاگت میں کمی لانے کے لئے سخت اقدامات اٹھانے کے ساتھ ساتھ بہتر پیداوار اور مارکیٹنگ حکمت عملی کے ذریعے اپنی تمام تر صلاحیتوں کو بروئے کار لاتے ہوئے اس میں بہتری کے لئے پُر امید ہے۔

ڈائریکٹرز، کمپنی کے عملے اور ارکان کی اپنے کام کی لگن اور ایثار کے لئے جو انھوں نے کمپنی کی کامیابی اور بہتری کے لئے کی ہیں کو تحسین کی نظر سے دیکھتے اور سراہتے ہیں

منجانب بورڈ

مہزین ممبر

(چیئر پرسن)

محمد عروک

چیف ایگزیکٹو

لاہور

27 اپریل 2018



Condensed Interim Balance Sheet

as at March 31, 2018

	Un-Audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment-note 3	2,494,870,132	2,545,357,331
Long term investment-note 4	726,887,419	762,452,734
Long term deposits	52,408,742	32,249,742
	3,274,166,293	3,340,059,807
CURRENT ASSETS		
Stores, spares and loose tools	79,568,105	115,297,420
Stock in trade	1,884,683,741	2,017,328,533
Trade debts	97,400,866	78,287,805
Deposits and Short term Prepayments	226,371,609	223,710,662
Advance Income Tax - net of Provision for tax	88,789,876	100,897,812
Sales tax refundable	57,602,198	85,671,176
Cash and bank balances	12,750,923	6,211,703
	2,447,167,318	2,627,405,111
TOTAL ASSETS	5,721,333,611	5,967,464,918
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized capital		
87,000,000 ordinary shares of Rs. 10 each	870,000,000	870,000,000
Issued , subscribed and paid-up capital		
86,577,920 ordinary shares of Rs. 10 each	865,779,200	865,779,200
Reserves	82,500,000	82,500,000
Unappropriated profit	642,453,530	1,020,350,275
Shares Holders' Equity	1,590,732,730	1,968,629,475
Surplus on revaluation of property, plant and equipment	514,364,697	529,234,822
NON CURRENT LIABILITIES		
Long term loans	374,408,000	400,384,490
Liabilities against assets subject to finance Lease	19,825,322	25,659,431
Deferred Liabilities	90,216,182	92,110,458
CURRENT LIABILITIES		
Trade and other payables	954,401,067	701,857,076
Mark-up accrued	69,552,433	59,686,751
Short term borrowings	1,981,729,773	2,056,268,085
Current maturity of long term liabilities	126,103,408	133,634,330
	3,131,786,681	2,951,446,242
CONTINGENCIES AND COMMITMENTS -note 5		
TOTAL EQUITY AND LIABILITIES	5,721,333,611	5,967,464,918

The annexed notes form an integral part of these financial statements

Lahore

Date : April 27, 2018

a.

Chief Executive

Chief Financial Officer

Chairperson



Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2018

	For the 3rd quarter		Cumulative	
	Jan-March 2018	Jan-March 2017	July-March 2018	July-March 2017
	Rupees	Rupees	Rupees	Rupees
Sales - net	238,993,071	794,867,504	1,630,877,849	2,715,914,379
Cost of goods sold	346,964,150	700,132,522	1,755,288,603	2,485,390,301
Gross Loss	(107,971,079)	94,734,982	(124,410,754)	230,524,078
Other operating income	-	-	3,057,829	875,872
	(107,971,079)	94,734,982	(121,352,925)	231,399,950
Distribution cost	713,870	12,262,758	11,370,143	31,190,991
Administrative expenses	9,349,619	11,802,646	33,785,780	40,261,042
Other operating expenses	-	1,700,208	-	1,822,708
Finance cost	55,197,430	46,380,894	171,019,093	149,476,575
Total Operating Exp.	65,260,919	72,146,506	216,175,016	222,751,316
	(173,231,998)	22,588,476	(337,527,941)	8,648,634
Share of Profit of Jointly Controlled Company	(57,736,850)	30,171,175	(35,565,315)	75,519,476
Profit / (Loss) before tax	(230,968,848)	52,759,651	(373,093,256)	84,168,110
Provision for taxation	2,987,413	6,448,675	19,673,615	22,528,591
Profit / (Loss) after tax	(233,956,261)	46,310,976	(392,766,871)	61,639,519
Earnings / (Loss) per share - basic and diluted	(2.70)	0.53	(4.54)	0.71

The annexed notes form an integral part of these financial statements

Lahore
Date : April 27, 2018



Chief Executive



Chief Financial Officer



Chairperson



Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2018

	Nine Months Ended	
	March 31, 2018	March 31, 2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (Loss) before taxation	(373,093,256)	84,168,111
Add Depreciation of property, plant and equipment	101,338,954	93,994,078
Gain on disposal of property, plant and equipment	(3,057,829)	(875,872)
Share of Profit of Jointly Controlled Company	35,565,315	(75,519,476)
Employee benefits- provision for the period	5,028,000	4,000,000
Finance cost	171,019,093	149,476,575
	(63,199,723)	255,243,416
(Increase)/ decrease in store, spare and loose tools	35,729,315	481,824
(Increase)/ decrease in stock in trade	132,644,792	(230,161,042)
(Increase)/ decrease in trade debts	(19,113,061)	30,792,486
(Increase)/ decrease in deposits and short term prepayments	(2,660,947)	(60,474,197)
(Increase)/ decrease in Sales tax refundable	28,068,978	(34,409,452)
Increase/ (decrease) in trade & other payables	259,277,741	(55,473,312)
Cash generated from operations	370,747,095	(94,000,277)
Finance cost paid	(161,153,411)	(139,376,330)
Gratuity paid	(5,922,276)	(11,560,752)
Income taxes paid	(7,565,679)	(17,442,836)
Net cash used operating activities	196,105,729	(262,380,195)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(64,177,676)	(59,105,653)
Proceeds from sale of plant and equipment	8,650,000	1,347,356
Long term deposits	(20,159,000)	(8,725,694)
NET CASH USED IN INVESTING ACTIVITIES	(75,686,676)	(66,483,991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long term Financing	-	25,915,000
Payment of long term financing	(33,507,412)	(95,589,635)
Payment of liabilities against assets subject to finance lease	(5,834,109)	(11,065,468)
Short term borrowings - secured	(74,538,312)	394,803,734
Dividends Paid	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(113,879,833)	314,063,631
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	6,539,220	(14,800,555)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,211,703	26,734,940
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12,750,923	11,934,385

The annexed notes form an integral part of these financial statements

Lahore
Date : April 27, 2018

a.

Chief Executive

Chief Financial Officer

Chairperson



Condensed Interim Statement of Changes in Equity (Un-audited)

For the quarter ended March 31, 2018

	Share capital Rupees	Share premium Rupees	Unappropriated profits Rupees	Total Rupees
Balance as at June 30, 2016	865,779,200	82,500,000	996,958,197	1,945,237,397
Profit for the period	-	-	61,639,520	61,639,520
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	7,304,623	7,304,623
Balance as at March 31, 2017	865,779,200	82,500,000	1,065,902,340	2,014,181,540
Profit for the period	-	-	(54,183,771)	(54,183,771)
Other Comprehensive Income	-	-	(2,243,833)	(2,243,833)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	10,875,539	10,875,539
Balance as at June 30, 2017	865,779,200	82,500,000	1,020,350,275	1,968,629,475
Profit for the period	-	-	(392,766,871)	(392,766,871)
Transfer of incremental depreciation from surplus on revaluation of fixed assets	-	-	14,870,126	14,870,126
Balance as at March 31, 2018	<u>865,779,200</u>	<u>82,500,000</u>	<u>642,453,530</u>	<u>1,590,732,730</u>

The annexed notes form an integral part of these financial statements

Lahore
Date : April 27, 2018



Chief Executive



Chief Financial Officer



Chairperson



Condensed Interim Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2018

1 CORPORATE INFORMATION

The Company was incorporated in Pakistan on January 31, 1991 as a Public Limited Company and its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of yarn. The registered office of the Company is located at 44-E/1 Gulberg III, Lahore and its mill is located at Raiwind Road Lahore.

2 BASIS OF PREPARATION

- 2.1 These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
- 2.2 The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended June 30, 2017.

	Un-Audited 31 March, 2018	Audited 30-Jun-17
Note	Rupees	Rupees

3 PROPERTY, PLANT AND EQUIPMENT

Tangible fixed assets	3.1	2,490,096,291	2,541,475,405
Capital Work in progress		4,773,841	3,881,926
		<u>2,494,870,132</u>	<u>2,545,357,331</u>

3.1 Tangible fixed assets

Opening book value	2,541,475,405	2,572,644,153
Additions/Adjustment during the period		
- Building on freeholdland	141,100	-
- plant and machinery	49,025,026	51,659,736
plant and machinery - Leased	-	-
- electric installations	2,173,169	10,110,328
- Generator	-	1,992,046
- power house	632,564	23,294,476
- telephone installation	-	42,000
- Office Equipments	-	53,000
- computers	28,050	467,135
- furniture and fixtures	13,200	80,049
- vehicles Owned	3,458,800	1,146,125
- vehicles - leased	50,000	5,512,627
	<u>55,521,909</u>	<u>94,357,522</u>
Book value of assets disposed-off during the period	(5,562,069)	(471,484)
Depreciation charge for the period	(101,338,954)	(134,085,359)
Transfer from CWIP	-	9,030,573
Closing book value	<u>2,490,096,291</u>	<u>2,541,475,405</u>



Condensed Interim Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2018

4	LONG-TERM INVESTMENTS	Un-Audited 31-Mar-18	Audited 30-Jun-17
		Rupees	Rupees
	Investment in related party - equity method		
	Jointly controlled entity - (Hira Terry Mills Limited)		
	Cost of investment		
	18,450,000 (June 30, 2017 : 18,450,000) fully paid ordinary shares of Rs.10 each	184,500,000	184,500,000
	Bonus Issue	36,900,920	36,900,920
	Share of post acquisition profits <i>Unrealized</i>	505,486,499	541,051,814
		726,887,419	762,452,734
5	CONTINGENCIES AND COMMITMENTS		
	Guarantees issued by banks on behalf of the Company	29,542,428	29,542,428
	Post dated cheques in favour of Commissioner Inland Revenue and Collector of Customs.		
		56,278,000	56,278,000
		85,820,428	85,820,428
	Commitments		
	Letters of credit for import of machinery/ Spares	-	107,531,846
	Letters of credit for import of raw material	7,684,133	51,429,131
	Letters of credit for import of stores and spares	58,843,801	-
		66,527,934	158,960,977

6 COST OF SALES

Note	For the 3rd quarter		Cumulative	
	January - March 2018	January - March 2017	July - March 2018	July - March 2017
	Rupees	Rupees	Rupees	Rupees
Stock - opening	299,915,190	493,351,719	257,428,763	448,481,587
Cost of goods manufactured	362,925,370	652,094,102	1,813,736,250	2,482,222,013
	662,840,560	1,145,445,821	2,071,165,013	2,930,703,600
Stocks - closing	315,876,410	445,313,299	315,876,410	445,313,299
	346,964,150	700,132,522	1,755,288,603	2,485,390,301



Condensed Interim Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2018

6.1 Cost of goods manufactured

	For the 3rd quarter		Cumulative	
	January - March 2018	January - March 2017	July - March 2018	July - March 2017
	Rupees	Rupees	Rupees	Rupees
Work in process - opening	48,555,717	40,761,972	28,968,189	55,584,531
Raw materials consumed	189,305,050	372,740,793	1,151,356,006	1,633,151,685
Overheads	150,398,585	272,489,349	658,746,037	827,383,809
	339,703,635	645,230,142	1,810,102,043	2,460,535,494
	388,259,352	685,992,114	1,839,070,232	2,516,120,025
Work in process - closing	25,333,982	33,898,012	25,333,982	33,898,012
	362,925,370	652,094,102	1,813,736,250	2,482,222,013

7 RELATED PARTY TRANSACTIONS

The Related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties.

	Un-Audited 31 March, 2018 Rupees	Un-Audited 31 March, 2017 Rupees
Transactions with Associated undertaking - Hira Terry Mills Limited (H.T.L)		
Sale of yarn and store etc.	480,159,831	882,459,659
Purchase of cotton/ towels & Dyes	9,773,986	8,378,089
Expenses charged / Recoverable	14,825,664	16,517,594
Mark-up charged / (Income) on balance due	20,288,013	8,132,273
Transactions with Other related parties		
Remuneration paid to directors and chief executive of the Company	5,203,906	4,702,500
Payment to Employees' Provident Fund Trust	1,688,271	2,144,290
Office Rent	4,050,000	3,450,000
	535,989,671	925,784,405

8 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 27th April, 2018 by the Board of Directors of the Company.

9 PRESENTATION

-Figures in the financial statements have been rounded-off to the nearest Rupee.

Lahore
Date : April 27, 2018



Chief Executive



Chief Financial Officer



Chairperson

